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Colombia

Exporter Guide

Trade Agreement Keeps Showing Success

Approved By:
Michael Conlon, Agricultural Counselor

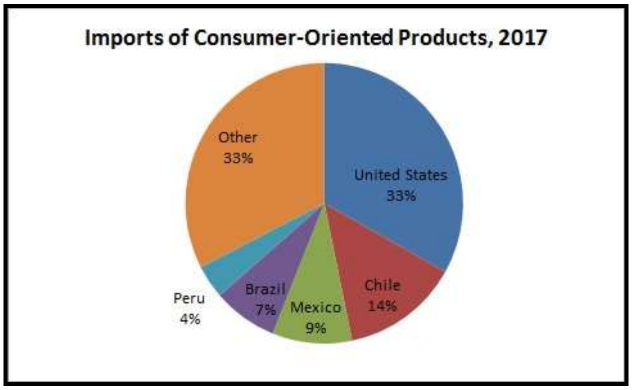
Prepared By:
Benjamin Rau, Agricultural Attaché
Ana María Salinas, Marketing Specialist

Report Highlights:
In 2017, total Colombian food and agricultural imports were valued at $5.5 billion. The United States exported $2.5 billion in agricultural products, about 45 percent of Colombia's total agricultural import market share. Colombia is the leading destination for U.S. agricultural exports in South America, followed by Peru and Chile. Colombia's total imports of consumer-oriented products increased 3 percent in 2017, led by U.S. exports, up 8.7 percent to $572 million. There are no major changes regarding legislation for exporting to Colombia.

Market Fact Sheet: Colombia

Executive Summary: Colombia is the leading destination for U.S. agricultural exports in South America, followed by Peru and Chile. In 2017, U.S. agricultural exports to Colombia were valued at $2.5 billion. Trade in U.S. agricultural products to Colombia has expanded as a result of the U.S.-Colombia Trade Promotion Agreement (CTPA), implemented in May 2012.

Imports of Consumer-Oriented Products: Colombia's total imports of consumer-oriented products grew three percent in 2017 to $1.7 billion. U.S. consumer oriented product exports to Colombia were up 8.7 percent to $572 million in 2017, followed by Chile ($235 million) and Mexico ($160 million). Consumer-oriented products account for upwards of 26% of the distribution of U.S. agricultural trade to Colombia.



Food Processing Industry: Colombia is a net importer of many food-processing ingredients and trade opportunities abound. There is a growing domestic demand for higher quality confectionary products. The Colombian fats and oils sector imports unrefined soybean oil, sunflower oil, and other oil seeds to meet industrial demand. The milling, bakery and starches sectors have benefited from innovation in packaging, flavors and healthier ingredients. Bread consumption has decreased due to low carbohydrate, "healthy eating" trends that have marginally changed food eating habits. For more information, please see Food Processing Industry GAIN Report

Food Retail Industry: Western style, large supermarkets are part of a noteworthy retail transformation in the last decade with major, domestic and international grocery chains opening new stores, of varying sizes, at intense rates. Discount stores have increased market share and continue opening outlets throughout the country offering wide private label portfolios cheaper than grocery chains. For more information, please see Retail GAIN Report

Food Service Industry: The restaurant and food service sector is expected to expand as a consequence of growing incomes, higher participation of women in the labor force and more demands on a household's time, resulting in a stronger incentive to dine out of home or demand home delivery food services. Colombians preferences on home delivery foods are roasted chicken, hamburgers and pizza. Restaurant chains are expected to perform better than independent, local restaurants. For more information, please see Food Service GAIN Report

Quick Facts CY 2017

Imports of Consumer – Oriented Products (US billion): $1.7

List of Top 10 Fastest Growing Imported Ag Products in Colombia:

Description	2016 (Dollars)	2017 (Dollars)	2017/2016 Change (%)
Albumin and its derivatives	4,534	170,874	3,669
Dairy spreads	179	5,353	2,891
Meat of swine (fresh or chilled)	25,423	610,382	2,300
Fresh fruit, nesoi	41,237	791,429	1,819
Soybean seed	11,616	77,371	566
Fertilized eggs for incubation	22,315	129,280	479
Pulses flour and meal	1,980	9,797	394
Flours and meals of oil seeds, other than mustard or soybeans	10,411	49,328	373
Figs	21,703	95,035	337
Bran, sharps and other residues, derived from the sifting, milling or other working of cereals, excluding corn, rice and wheat	118,656	452,331	281

Top 5 Retailers in Colombia

COMPANY	Number of Stores
Grupo Exito	566
Olímpica	350
Alkosto	14
Cencosud	110
D1	+800

GDP/Population
2018 Population (million): 45.5 (2018 census)
2017 GDP (billion USD): 309.20
2017 GDP per capita (USD): 6,272.81

Data and Information Sources: Global Trade Atlas, Global Agricultural Trade System, DANE, IMF, various online sources

Contact: OAA Colombia agbogota@fas.usda.gov

I. Market Overview

Colombian Gross Domestic Product (GDP) grew at 1.8 percent in 2017, slower than previous year growth rates, but still higher than other Latin American economies. According to the World Bank's 2018 Doing Business survey, Colombia has the third best business environment in Latin America, after Mexico and Chile. For more information, please see World Bank's Doing Business Rankings. Millions of Colombians have moved out from poverty and into the low and middle income classes. These income adjustments have resulted in more household disposable income and changes in eating patterns, such as shifting diets from vegetable to animal proteins. Recent tax reform led to a VAT increase from 16% to 19% that increased prices and affected Colombian consumer decisions. Consequently, consumption has been affected and households have reduced luxury expenses while they adapt to the new VAT.

Colombia is the third most populated country in Latin America after Brazil and Mexico at 45.5 million inhabitants. About 79 percent of the Colombian population resides in urban areas. Colombia is atypical of Latin America with decentralized urban centers and four cities with over one million residents: Bogota, Medellin, Cali and Barranquilla. Urbanization keeps growing, stimulating changes in lifestyles and eating patterns. Urban households in Colombia are becoming more typically dual income, resulting in an increasing demand for processed food and shopping convenience.

Bad dietary habits are a major issue for the country since they are associated with obesity and heart disease. According to the National Statistical Department (DANE), 42.7% Colombians do not have a balanced diet. Obesity and overweight affect over 50% of Colombian adult population. Although still relatively low in Colombian children (24.4%) compared to other Latin American countries, the problem is growing, mainly among teenagers. Heart disease is the leading cause of death in the country. The Government of Colombia (GOC), specifically the Ministry of Health (MOH), has developed the National Strategy on the Reduction of Sodium Intake. In addition, some initiatives regarding advertising for food products for children are becoming popular. Food manufacturers have positively reacted by developing healthier products and promoting healthier lifestyles.

While beer is the most consumed alcoholic beverage in Colombia, consumption of non-alcoholic drinks is increasing as a result of a higher demand for bottled water, fruit-flavored drinks, sweet tea, and sports and energy drinks. More information on Colombian food trends and retail sector is covered by the Food Processing Ingredients, Retail and Food Service GAIN reports, available at Retail GAIN Report and Food Processing Industry GAIN Report

Advantages and Challenges for U.S. Exporters

Advantages	Challenges
The U.S.-Colombia Trade Promotion Agreement (CTPA) expands opportunities and market potential for many agricultural products.	Colombia has trade agreements with many other countries increasing competition with U.S. products.
U.S. agricultural products have a reputation for high quality.	Colombian per capita consumption for processed and semi-processed products is low, for example bread at only 24kg/year, compared to other Latin American markets.
Colombia is the largest agricultural trade destination for U.S. food products in South America.	U.S. products will have to maintain their reputation of higher quality in order to be competitive with local food processing companies, guaranteeing a consistent and uniform supply of products year round.
The growth of tourism and the hotel and restaurant sectors will require a greater array of raw materials and ingredients to make final products more appealing to foreigners and fast changing domestic consumer tastes	There is a cultural misperception that frozen products are unhealthy and lack quality.

and preferences.	
The growing lower and middle-income population, specifically youth and working women of Colombia are stimulating new food consumer trends and a growth in processed foods.	Internal transportation costs from ports of entry are costly due to extremely poor infrastructure.
Market opportunities for health foods and organic products are expanding given growing obesity trends and GOC support for healthy living campaigns.	Cold chain is deficient and Colombians have no clear understanding of this need to maintain product quality.

II. Exporter Business Tips

It will be critical for U.S. exporters entering the Colombian market to understand the customer's needs and their purchasing requirements and specifications. Additionally, it will be important to understand all Colombian standards and regulations to avoid issues at ports of entry. Critical considerations for market entry include the following:

- Competition is based on quality, price and service;
- Direct to consumers marketing strategies are imperative in order to penetrate the market, such as cooking demonstrations, and tastings among others;
- Social responsibility marketing techniques continue to be very strong, using sales to generate funding for social programs;
- U.S. suppliers should develop ways to meet the needs of the Colombian market through personal visits to better understand the market and identify needs of buyers and consumer trends;
- Use consolidation when exporting small amounts of product;
- Establish direct contact with hotel and restaurant chains;
- Develop business relationships with top executives like marketing directors, purchasing managers, and expose them to U.S. business practices;
- Participate in local trade and promotion shows, such as Alimentec, Agroexpo and Expovinos, and also be part of trade delegations;
- Many Colombian company representatives visit trade shows in the United States, such as the American Food and Beverage Trade Show, the National Restaurant Association Show and the Fancy Food Summer Show, which are great opportunities to meet and educate Colombian importers;
- Develop, to the extent possible, Spanish marketing/communication materials;
- Work closely with local importers to comply with food import regulations to facilitate the registration and import of food products and minimize port of entry risks;
- Support the importer with promotional campaigns

III. IMPORT FOOD STANDARDS & REGULATIONS and IMPORT PROCEDURES

The GOC oversees trade flows through the Ministry of Commerce, Industry and Tourism (MINCIT). The Colombian Government transferred all responsibilities in dealing with Colombian foreign trade to the MINCIT including the issuance of import licenses and the registration of imports.

The Colombian Institute for Agriculture and Livestock (ICA) has the regulatory authority over the production, manufacturing and use of agricultural inputs (fertilizers, pesticides, seeds, etc.), feed, feed ingredients and non-processed agricultural commodities, as well as establishing and regulating Maximum Residue Limits (MRLs) for pesticide residues in both animal and plant products. ICA is also responsible for developing and implementing animal and plant health import requirements.

The National Institute for the Surveillance of Food and Medicines (INVIMA) is the regulatory authority responsible for regulating food safety and sanitary conditions of products sold directly or indirectly for human consumption. The GOC is committed to following internationally accepted guidelines, such as Codex Alimentarius, for developing food safety and animal and plant health import regulations.

ICA and INVIMA JURISDICTION

ICA	INVIMA
Bulk Products: wheat, corn, coarse grains, rice, soybeans, oilseeds, cotton, pulses, etc.	*Bulk Products:* wheat, corn, rice, pulses, etc.
Intermediate Products: soybean meal, live animals, hides & skins, feeds & fodders, planting seeds.	*Intermediate Products:* soybean oil, animal fats, sugar, sweeteners.
Consumer Oriented Products: fresh fruits and vegetables, pet food.	*Consumer Oriented Products:* meat and meat products, eggs, dairy products, processed fruits and vegetables, fruit and vegetable juices, confectionary products, prepared food, alcoholic and non-alcoholic beverages.

Labeling

Regulations establish technical standards for labeling of domestic and imported packaged food products and raw materials for food production, for human consumption (including sample-size and institutional use packaged products). The most basic objective of labeling is to provide comprehensive and clear information for consumers to make informed decisions about the products they purchase. The information must be true and not mislead consumers. Food products imported into Colombia to be sold to the food service and processing sectors are only required to provide all the labeling information on the boxes that contain individual packages.

The information must be provided in Spanish either on the label or on an authorized sticker/label affixed to the product. Whenever the label on the imported product is written in a language other than Spanish, an additional label can be used to provide the information required by Colombian regulation. These labels can be affixed to the product during or after the nationalization process in warehouses or storage facilities inspected, surveyed and controlled by sanitary authorities. When food products or food raw materials originate in countries where information on the expiration date and/or minimum shelf-life ("best before…") is not required, the importer must get prior approval from INVIMA by providing that information in a document issued by the producer/manufacturer. Note: a U.S. date is registered MM/DD/YYYY, whereas in Colombia the date is registered DD/MM/YYYY. An importer can amend label requirements during or after nationalization, but prior to the sale of the product. However, this "labeling adjustment" does not extend to lot numbers or expiration dates.

Product Sanitary Registration

All food items intended for direct sale to final consumers in Colombia must be registered with INVIMA, which is responsible for the issuance of a sanitary registration/permit/notification (based on the "risk" associated to the product)." Product registration is NOT required for:

- Natural food products that have not been subject to any transformation process, such as grains, fresh fruits and vegetables, etc.
- Animal-origin food products (chilled/frozen) that have not been subject to any transformation process.
- Products used as raw materials by industry or the foodservice operators for food preparation.

The Food and Agriculture Import Regulations and Standards (FAIRS) Country Report for Colombia contains detailed information on Colombia's import regulations and procedures. This report may be downloaded at FAIRS GAIN Report

IV. MARKET SECTOR STRUCTURE AND TRENDS

In recent years, the Colombian food industry has undergone unprecedented consolidation and structural change through mergers, acquisitions, divestitures and new foreign competitors entering the market. This widespread consolidation in the retail, Hotel-Restaurant-Institutional (HRI) and food processing industries was driven by expected efficiency gains from economies of scale, resulting in significant impacts on market share and food prices. As well, internet e-commerce sales are becoming more popular. It is also important to note that distribution channels have become more efficient with the increased presence of foreign competitors.

Traditional retail is still the most common retail format in Colombia. Outlets are small, independent and are present all around the country; a recent commerce survey concluded that in Bogota there is a mom-and-pop store for every 94 homes. Small remote towns only count on these traditional stores to cover their basic food and beverage needs since modern retail is not present. Mom-and-pops usually offer small/individual packaging products (one sausage, small oil bottles, etc.) and purchase frequency is higher.

Online commerce is becoming more common among Colombians. Most retailers have websites available for shopping online and all kind of smartphone applications ease the grocery shopping experience. According to Euromonitor, food and beverages are among the products preferred by Colombian consumers when buying online. **For more information, please see** Food Service GAIN Report Food Processing Industry GAIN Report **and** Retail GAIN Report

Competition Narrative

The CTPA entered into force in May 2012. This comprehensive trade agreement eliminated tariffs and other barriers to goods and services. Although over 80 percent of U.S. exports of consumer and industrial products to Colombia have become duty-free, the CTPA provided a duty free tariff-rate-quota (TRQ) on certain goods that operate under a first come/first serve basis, except for rice and poultry, which are subject to auctions managed by Export Trading Companies. There are significant opportunities for imported, value-added food products and raw materials in Colombia due to shifting consumer preferences. United States competitors for raw materials for processing and value-added products are MERCOSUR, Canada and the European Union, and all three have free trade agreements with Colombia.

V. AGRICULTURAL and FOOD IMPORTS

Colombia is already an important market for America's farmers and ranchers. In 2017, the United States exported $2.5 billion of agricultural products to Colombia. Top U.S. agricultural exports were corn, soybean meal, soybeans, wheat and pork and pork products.

Colombia is a fast growing market for value-added food products. Surveyed retailers and food importers feel there is significant potential for new products in all food categories. Healthy and ethnic food categories are especially new and fast growing. Wines and gourmet products are penetrating the market with excellent results. Organic food products are a new trend and retailers are searching for the best suppliers. The following product categories represent the major export opportunities and some emerging opportunities for U.S. food products to Colombia with zero duties or reduced duties:

Bulk Commodities	Intermediate Products	Consumer-Oriented
Corn (up to quota)	Soybean meal	Pork and pork products
Rice (up to quota)	Vegetable oil	Turkey
Soybeans	Yeasts	Duck
Lentils	Sugars and sweeteners	Bone-in beef cuts
Peanuts	Soybean oil	Bovine livers
Wheat	Glues based starch	Fresh fruits
Chickpeas		Beer
		Dried fruits
		Fruit juice
		Tree nuts

For further information on TRQs please check the following links:
COLOMBIA FTA final text
RICE - http://www.col-rice.org/ POULTRY - http://www.colom-peq.org/

Agricultural and Food Import Statistics

Colombian Imports	2015	2016	2017	2015	2016	2017	2015	2016	2017
	From the World			From the United States			U.S. Market Share		
	(thousand dollars)								
Consumer Oriented Products TOTAL	**1,562,877**	**1,672,033**	**1,726,886**	**519,955**	**526,164**	**572,012**	**33%**	**31%**	**33%**
Beef & Beef Products	21,229	19,011	21,870	10,066	12,680	15,333	47%	67%	70%
Pork & Pork Products	133,814	123,185	194,225	104,741	103,913	173,037	78%	84%	89%
Poultry & Poultry Products	61,581	78,177	84,260	46,809	63,496	71,043	76%	81%	84%
Meat Products NESOI	11,638	11,320	10,756	6,674	6,369	6,092	57%	56%	57%
Egg & Egg Products	4,855	5,422	3,088	172	1,794	819	4%	33%	27%
Dairy Products	168,443	230,616	189,224	53,824	77,383	58,550	32%	34%	31%
Fresh Fruit	188,670	171,855	177,774	28,732	15,320	19,625	15%	9%	11%
Processed Fruit	56,992	60,710	61,902	11,088	10,224	9,801	19%	17%	16%
Fresh Vegetables	31,729	50,379	38,098	358	362	605	1%	1%	2%
Processed Vegetables	83,320	88,937	88,838	34,682	32,761	25,735	42%	37%	29%
Fruit & Vegetable Juices	24,973	16,066	13,637	13,758	4,675	3,435	55%	29%	25%
Tree Nuts	33,252	24,065	28,447	20,323	13,746	16,633	61%	57%	58%
Chocolate & Cocoa Products	57,589	59,635	51,291	18,080	20,643	16,278	31%	35%	32%
Snack Foods NESOI	61,304	59,210	69,662	8,598	7,039	7,649	14%	12%	11%
Condiments and Sauces	31,086	32,911	34,733	14,793	14,461	16,355	48%	44%	47%
Wine & Beer	95,902	111,732	138,887	12,650	9,224	12,173	13%	8%	9%
Non-Alcoholic Beverages (excl. juices, coffee, tea)	34,390	52,636	50,060	7,332	7,760	9,639	21%	15%	19%
Dog & Cat Food	32,367	31,926	32,901	15,278	19,532	21,076	47%	61%	64%
OTHER RELATED PRODUCTS									
Fish Products	410,131	400,543	374,370	15,439	11,620	10,608	4%	3%	3%
Forest Products	226,327	203,506	186,876	7,829	5,872	1,633	3%	3%	1%

Source: Global Trade Atlas

VI. KEY CONTACTS AND FURTHER INFORMATION

Check following link and look for the Food Processing Ingredients Guide, FAIRS and the Exporter Guide: http://gain.fas.usda.gov/ or email agbogota@fas.usda.gov

POST CONTACT INFORMATION

Office of Agricultural Affairs (OAA)	USDA Animal Plant Health Inspection Service (APHIS)
U.S. Embassy, Bogotá, Colombia Carrera 45 No. 24B-27 Bogotá, Colombia Telephone: (57-1) 275-4622 e-mail : AgBogota@fas.usda.gov	U.S. Embassy, Bogotá, Colombia Phone: (57-1) 275-4572 Fax: (57-1)275-4571 e-mail: Roberto.Guzman@aphis.usda.gov

COLOMBIAN GOVERNMENT CONTACTS

Phytosanitary and Zoosanitary Requirements	Food Product Registration and Health Permits
Ministry of Agriculture and Rural Development **Colombian Institute for Agriculture and Livestock (ICA)**, www.ica.gov.co Avenida Calle 26 # 85b – 09, Bogotá, Colombia Mariluz Villamil Sandoval Deputy Manager Animal Health Protection Tel. (57-1) 332-3700 ext. 1200 E-mail: mariluz.villamil@ica.gov.co Emilio Arevalo Peñaranda Deputy Manager Plant Health Protection Tel: (57-1) 332-3700 ext.1300 E-mail: emilio.arevalo1@ica.gov.co	**Ministry of Health and Social Protection** **National Institute for the Surveillance of Food and Medicine (INVIMA)**, www.invima.gov.co Carrera 10 # 64 -28, Bogotá, Colombia Food and Alcoholic Beverages Director Carlos Alberto Robles Phone: (57-1) 294-8700 Ext. 3920 E-mail: invimasal@invima.gov.co